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FISCAL IMPACT STATEMENT

LS 6919

BILL NUMBER: HB 1250

NOTE PREPARED: Feb 15, 2008

BILL AMENDED: Feb 14, 2008

SUBJECT: State Park Development and Funding for the NAIAC.

FIRST AUTHOR: Rep. Klinker

FIRST SPONSOR: Sen. Hershman

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Tippecanoe County Innkeeper's Tax*- The bill changes the distribution of the Tippecanoe County innkeeper's tax.

Advisory Commission- The bill establishes an advisory commission to make recommendations concerning the use of any proceeds of bonds issued to finance the development of Prophetstown State Park.

Indiana Finance Authority- The bill specifies that the Indiana Finance Authority (IFA), in its capacity as the recreational development commission, may issue bonds for the development of Prophetstown State Park.

Bureau of Motor Vehicles- The bill requires the Bureau of Motor Vehicles (BMV) to design the Indiana Native American trust license plate with the advice of the Native American Indian Affairs Commission (NAIAC).

Indiana Native American Trust Fund- The bill provides that money in the Indiana Native American Trust Fund (the Fund) must be paid to Historic Prophetstown through 2008 and to the NAIAC beginning in 2009.

Greendale Food and Beverage Tax- The bill authorizes the city of Greendale to adopt an ordinance to impose a 1% food and beverage tax.

Greendale Innkeeper's Tax- The bill authorizes the city of Greendale to adopt an ordinance to impose an innkeeper's tax at a rate not to exceed 5% of lodging income.

Angola Food and Beverage Tax- The bill authorizes the city of Angola to adopt an ordinance to impose a

1% food and beverage tax.

Effective Date: (Amended) Upon Passage; July 1, 2008.

Explanation of State Expenditures: (Revised) *Advisory Commission*- The 11-member advisory commission would advise on the use of any proceeds of bonds issued to finance developments in Prophetstown State Park. Members of the advisory commission who are state employees would not be allowed a salary per diem, but could receive travel expense reimbursement for the performance of duties related to the advisory commission as provided by Indiana Department of Administration policies and procedures and as approved by the State Budget Agency.

Indiana Native American Trust Fund- Under the bill, Historic Prophetstown (previously known as The Museums At Prophetstown, Inc.) would continue to receive transfers from the Fund until December 31, 2008. After December 31, 2008, revenue placed into the Fund would be transferred to the NAIAC to be used for any lawful purpose of the NAIAC.

(Revised) *Indiana Finance Authority*- The IFA would have the option of issuing bonds for development of Prophetstown State Park. Administratively, the IFA would be able to issue bonds within their existing level of resources.

(Revised) *Local Taxes*- Current cost for the Department of State Revenue to administrate, audit, and collect local taxes is approximately \$0.54 per \$100 of revenue. The Department would be able to process the proposed local taxes within the existing level of resources available to the Department.

Background- As of December 11, 2007, there was an undesignated balance of \$20,882.50 within the Native American Trust Fund. Currently, all revenue from the Fund is distributed to the Museum At Prophetstown, Inc. Money in the Fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of State Revenues: (Revised) *Tippecanoe County Innkeeper's Tax*- The Department of Natural Resources would receive less revenue from the Tippecanoe County innkeeper's tax for development projects within the Prophetstown State Park on the Wabash River. The DNR currently receives 75% of half of all innkeeper's tax collected within the county, or 37.5% of total revenue. As a result of the proposed change, the DNR would receive 30% of total revenue collected by the tax.

Tippecanoe County's innkeeper's tax collections totaled \$1.7 M during FY 2007. It is projected that FY 2009 revenue would be \$1.83 M. Under the proposal, the DNR's FY 2009 share under the bill would be approximately \$549,000 (30% of \$1.83 M). Under the distribution formula of current law, the DNR would receive 37.5% of total revenue in FY 2009, or about \$686,000.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Tippecanoe County Innkeeper's Tax*- The bill would indefinitely change the innkeeper's tax special account distribution to 70% of all innkeeper's tax revenue. (This would generate an estimated \$1.28 M to the special account in FY 2009.) The Department of Natural Resources would receive the remaining 30% of the revenue. (See table below.) [Currently, half of Tippecanoe County's innkeeper's tax revenue is placed into the special account until December 2014.]

Distribution of Tippecanoe County Innkeeper's Tax Revenue (Under Current Statute and Under Bill).							
	Current			Proposed			Net
(A) DNR	37.5%	\$686,000	SA		30.0%	\$549,000	(\$137,000)
(B) Community Dev Corp	12.5%	\$229,000	SA	SA	7.0%	\$128,000	(\$101,000)
(C) Conv & Vis Commission	50.0%	\$915,000		SA	7.0%	\$128,000	(\$787,000)
(D) Historic Prophetstown				SA	7.0%	\$128,000	\$128,000
(E) Wabash River Enhance Corp				SA	7.0%	\$128,000	\$128,000
(F) Discretionary (B,C,D, or E)*				SA	42.0%	\$769,000	\$769,000
Total	100.0%	\$1,830,000			100.0%	\$1,830,000	
SA = Distributed through the "Special Account" Discretionary = Funds may be distributed to any of the entities B through E at discretion of the county council.							

(Revised) *Greendale Innkeeper's Tax*- It is estimated that the first complete year of innkeeper's tax collections at a 5% rate would be approximately \$71,000.

(Revised) *Greendale Food and Beverage Tax*- It is estimated that in the first complete year of a food and beverage tax at a 1% rate, the city of Greendale would collect approximately \$16,000 in revenue.

Revenue from the proposed Greendale taxes would be used to fund (including bond issues) projects involving the city hall, parks, recreation facilities, police, fire, and other emergency services.

(Revised) *Angola Food and Beverage Tax*- A 1% food and beverage tax levied by the city of Angola could generate revenue ranging between \$264,000 and \$318,000 in the first complete year of implementation.

State Agencies Affected: Department of Natural Resources; Bureau of Motor Vehicles; NAIAC; Indiana Finance Authority, Department of State Revenue.

Local Agencies Affected: Tippecanoe County, City Of Angola, City of Greendale.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*; U.S. Bureau of Census, December 2007 *State Revenue Forecast*.

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